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ZHONGJIN TECHNOLOGY SERVICES GROUP COMPANY LIMITED

中金科技服務集團股份有限公司

(formerly known as ZZ Capital International Limited 中植資本國際有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08295)

DISCLOSEABLE TRANSACTION DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that on 10 August 2021 (after trading hours of the Stock Exchange), the Company entered into the Agreement with the Purchasers, pursuant to which the Company agreed to sell, and the Purchasers agreed to purchase the Sale Interest, which shall represent the entire equity interest in the Target Company at a Consideration of (a) HK\$14,500,000 in cash, (b) the deposit contemplated under the Property Lease and (c) the Tax Refundable.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 19.06 of the GEM Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

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THE AGREEMENT

The principal terms of which are set out below:

Date 10 August 2021

Parties (i) the Company (as seller); and
(ii) the Purchasers.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Purchasers are Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Company agreed to sell, and the Purchasers agreed to purchase, the Sale Interest, which shall represent the entire equity interest in the Target Company subject to the terms and conditions therein

Consideration and payment terms

The Consideration shall be payable jointly and severally by the Purchasers to the Company in cash, which will be satisfied in the following manner:

- (a) A sum of HK\$1.45 million to be paid within three (3) Business Days on or after the date of the Agreement;
- (b) A sum of HK\$13.05 million to be paid on Completion;
- (c) the Purchasers shall return to the Company the deposit contemplated under the Property Lease in the sum of approximately HK\$2.24 million within ten (10) Business Days upon the receipt of such deposit or within ten (10) Business Days after Completion, whichever is later; and
- (d) the Purchasers shall pay the Tax Refundable to the Company in the sum of approximately HK\$0.5 million within ten (10) Business Days upon receipt of the same.

The Consideration in the approximate amount of HK\$17.24 million was determined after arm's length negotiations between the Company and the Purchasers on normal commercial terms with reference to (i) estimated unaudited consolidated net assets value of the Target Group on Completion; and (ii) the reasons for the Disposal as mentioned in the section headed "Reasons for and Benefits of the Disposal" below.

Conditions Precedent

The Disposal is conditional upon the following key Conditions Precedent being fulfilled or waived by the Purchasers:

- (a) in accordance with the licensing and registration requirements of Part V of the SFO, the transfer of the Sale Interest has been accepted, authorized and approved by the SFC, including the approval of shareholders' changes;
- (b) all necessary consents, confirmations, permits, approvals and authorisations (including approval of the Disposal by the Shareholders, if required) under the GEM Listing Rules, the SFO and other regulatory regime in connection with the Disposal having been obtained by the Company and the Target Company;
- (c) the Purchasers being reasonably satisfied with the Target Company and the due diligence results conducted on its business, assets, liabilities, activities, prospect and other conditions;
- (d) the Disposal having been agreed, authorized and approved by any relevant third parties and the Sale Interest being free from any pledges, freezing, or any potential third parties interests which may preclude the Disposal;
- (e) the Company having adequately obtained the necessary board approvals and appointed signatories for the execution of the Agreement, in relation to the Disposal;
- (f) the Company having completely released or assumed the Target Company's assets, liabilities and debts (including contingent liabilities, commissions payable to employees, sales agents and customers, related party transactions and any interests payments); and
- (g) the Company having issued a confirmation as to the satisfaction of Conditions Precedent responsible by the Company to the Purchasers in a prescribed form.

In the event that the Conditions Precedent are not fulfilled (or waived as the case may be) on or before the Long Stop Date, the Agreement will be terminated and the Disposal will not proceed. The Company shall refund any part payment of the Consideration within fifteen (15) Business Days upon the termination of the Agreement and the Purchasers shall cease to have any claim against the Company for any interests or claims.

Completion

The Company and the Purchasers shall, upon the Conditions Precedent being satisfied or waived, agree on the Completion date which shall not be later than five (5) Business Days after the Conditions Precedent being satisfied or waived.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the Disposal represents a good opportunity for the Group to optimize its resources and allow the Group to focus on its principal business of provision of value-added telecommunication and related services in the PRC.

Based on the above reasons and having considered all relevant factors, the Board (including the independent non-executive Directors) is of the view that the Agreement is on normal commercial terms, fair and reasonable and that the Disposal is in the interests of Company and its Shareholders.

INFORMATION ABOUT THE PARTIES

The Group

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in investment holding, provision of back-office services (primarily provision of customer service solutions, and setting up of contact service systems and centre), comprehensive marketing services and data centre services, proprietary investments and money lending.

The Purchasers

The Purchasers are five (5) individuals who are PRC citizens and Independent Third Parties.

The Target Group

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company. Its wholly-owned subsidiary, ZZCF, is licensed with the SFC for carrying on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities. It provides a diversified range of corporate advisory and assets management services. The subsidiary of ZZCF, Asian Capital (Qianhai) Investment Management Limited* (深圳前海卓亞股權投資基金管理有限公司) (“**Asian Capital**”) has been approved by Shenzhen Municipal Government Financial Services Office as a qualified foreign limited partnership. Asian Capital has been establishing in the business of equity investment and equity investment consulting.

* *For identification purposes only*

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited consolidated financial information of the Target Group (as prepared in accordance with Hong Kong Financial Reporting Standards) for the financial years ended 31 March 2020 and 2021 respectively:

	For the year ended 31 March 2020	For the year ended 31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	15,420	400
Net (loss)/profit before taxation	(968)	2,981
Net (loss)/profit after taxation	(3,974)	2,676

Based on the unaudited consolidated management accounts of the Target Group, the unaudited consolidated net assets of the Target Group was approximately HK\$36.78 million as at 31 March 2021.

FINANCIAL EFFECT OF THE DISPOSAL

Assuming the Completion has taken place on 30 June 2021, it is estimated that the Group will record a gain on the Disposal in the amount of approximately RMB8.76 million before expenses and tax impact (if any) arising from the Disposal, being the difference between the Consideration and unaudited net assets attributable to the Sale Interest as at 30 June 2021 after adjusting the estimated dividend from the Target Group before Completion and release of translation reserve relating to the Target Group. The actual gain arising from the Disposal to be recognized in the Group's consolidated financial statements will be subject to audit by the auditors of the Company and may be different from the amount stated.

Upon Completion, the Company will cease to hold any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results, assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

The net proceeds from the Disposal will be used as general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 19.06 of the GEM Listing Rules in respect of the Disposal are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Agreement”	the equity transfer agreement dated 10 August 2021 entered into between the Company and the Purchasers relating to the sale and purchase of the Sale Interest
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day other than Saturday or other day on which commercial banks in Hong Kong are not open for normal banking services
“Company”	Zhongjin Technology Services Group Company Limited (中金科技服務集團股份有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (Stock code: 08295)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conditions Precedent”	the conditions precedent to the Completion as set out in the paragraph headed “Conditions Precedent” under the section headed “The Agreement” in this announcement
“Consideration”	the consideration for the Sale Interest, being approximately HK\$17.24 million
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Interest by the Company to the Purchasers pursuant to the terms and conditions of the Agreement
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities of the GEM of the Stock Exchange

“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	any individual or company not being the connected persons (as defined under the GEM Listing Rules) of the Company, independent of the Company and its connected persons (as defined under the GEM Listing Rules) and not connected with them
“Long Stop Date”	31 December 2021 (or such later date as may be agreed by the parties to the Agreement in writing)
“Property Lease”	A lease agreement entered into by Sing Pao Investment Limited (as the landlord) and ZZCF (as the tenant) on 21 November 2018 whereby the parties have agreed to the leasing of the property situated on the eleventh floor of No.8 Queen’s Road Central, No.8 Queen’s Road Central, Hong Kong from 2 January 2019 to 1 January 2022
“PRC”	the People’s Republic of China
“Purchaser A”	Mr. ZHANG Yu, an Independent Third Party, who acquires 30% of the Sale Interest
“Purchaser B”	Mr. ZHOU Zanshe, an Independent Third Party, who acquires 20% of the Sale Interest
“Purchaser C”	Ms. JIAN Hui, an Independent Third Party, who acquires 15% of the Sale Interest
“Purchaser D”	Mr. CAI Yue, an Independent Third Party, who acquires 15% of the Sale Interest
“Purchaser E”	Mr. CHEN Xiaofeng, an Independent Third Party, who acquires 20% of the Sale Interest
“Purchasers”	collectively, Purchaser A, Purchaser B, Purchaser C, Purchaser D and Purchaser E
“Sale Interest”	the entire equity interest of the Target Company held by the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Target Company”	Corporate Wise Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Tax Refundable”	the amount equivalent to the tax to be refunded from the Inland Revenue Department for the provisional tax paid for the year of assessment 2020/21 by ZZCF
“%”	per cent
“ZZCF”	ZZCI Corporate Finance Limited, a limited liability company incorporated in Hong Kong on 25 November 1998 and is a wholly-owned subsidiary of the Target Company

By Order of the Board
Zhongjin Technology Services Group Company Limited
Niu Zhanbin
Chairman

Hong Kong, 10 August 2021

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. NIU Zhanbin (Chairman), Mr. JIANG Yulin (Chief Executive Officer) and Mr. WU Hui (Chief Operating Officer) and three independent non-executive Directors, namely, Mr. Stephen MARKSCHEID, Mr. ZHANG Weidong and Mr. ZENG Liang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of GEM at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.zhongjintechology.com